

**Request for Proposals  
by  
The Appalachian Regional Commission  
for  
A Program Evaluation of ARC's Entrepreneurship Initiative**

**Proposals due on or before August 28, 2006**

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July 28, 2006

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**I. Overview.** The Appalachian Regional Commission (ARC) invites proposals from qualified researchers and consultants to conduct a policy impact and program evaluation of the Commission's Entrepreneurship Initiative. This policy impact and program evaluation will have three components. First, this program evaluation will examine the project outcomes of approximately 100 projects that have been closed since 1997, including projects that promote the access to capital and financial assistance; technical and managerial assistance; technology transfer; entrepreneurial education and training; and entrepreneurial networks. ARC's performance measurement system has generally tracked business formation, job creation and retention and the leveraging of additional project funding, as well as the amount of follow-on private investment that is attracted as a result of project activities. Second, the evaluation should attempt to assess the wider policy impact of many of these activities which often stimulate emulation and replication of program efforts with ARC's partner states and localities. Often such policy-related impacts are not measured by conventional performance indicators, and ARC wishes to examine these effects through semi-structured interviews with relevant stakeholders in the development process, particularly as it relates to the access to capital and financial assistance and entrepreneurial education and training efforts. Ideally the evaluation design would link some of the data acquisition steps for interviews with project-level stakeholders to assess some of the wider policy impacts of the program. The final task of the program evaluation will be a presentation of the key findings and policy issues raised by the analysis to an advisory committee convened by ARC to discuss these issues with the contractor. The contractor will then incorporate the input from this discussion session into the final report to be submitted to ARC with recommendations for future directions, changes of emphasis, reporting concerns, and the lessons learned from the Initiative.

Through the Entrepreneurship Initiative and ARC Area Development funds, the Commission has currently funded 462 entrepreneurial projects, excluding research and conferences, which provided a total of over \$47 million of support for a range of program activities. In addition to ARC funds, these programs have leveraged \$76.7 million from state and local government and other sources to support activities targeting the region. In addition, the projects have leveraged a projected total of \$108 million in follow-on private investment, with \$72.7 million for projects that are closed. Collectively, the funded projects are projected to create 3,197 new businesses and for closed projects are documented to have created 1,784 new businesses.

The evaluation will involve a review of project files at ARC headquarters in Washington D.C., identification of the final sample of projects, interviews with ARC staff and grantees in the thirteen Appalachian states, phone and mail (or email) surveys, literature review, and other analytical steps. Please note that ARC staff will provide photocopies of the initial sample of project files selected by the contractor and mail them to the

contractor. Project impact analysis will probably require a set of semi-structured interviews with key state and local program managers, as well as other non-project stakeholders who are positioned to assess the impacts. Results from the data and information gathered in this process must be analyzed and presented with recommendations in a draft and final report.

The Commission's purpose in conducting this evaluation is to determine the extent to which these projects have achieved or contributed to the attainment of the projects objectives. In addition, the evaluation should show how these results compare to national and regional outcomes for similar types of projects. In particular, the Commission seeks to verify project outcomes and to assess the utility and validity of specific performance measurements for monitoring and evaluating these types of projects. Furthermore, this evaluation is scheduled to comply with on-going program evaluation requirements under the *Government Performance and Results Act*.

**II. Scope of Work** The project outcome task of this evaluation will involve a review of approximately 100 projects out of a universe of 350 closed projects. A stratified sample of funded projects will be identified for evaluation regarding project outcomes. The projects selected for evaluation should represent a range of activity by state, project type, type of grantee institution, level of success, and other factors. The selected projects will be evaluated according to the performance standards set forth in the original project description of objectives. *Other relevant performance and results measures may be advanced and developed by the contractor.* At minimum, the outcome evaluation should include at least the following applicable performance measurements and outcomes:

- the number of permanent jobs projected and actually created or retained upon project completion and three to five years after project completion;
- the leveraging rates for other project-related funds, including state, local, other federal funds;
- the non-project private investment that resulted;
- a determination of the agency's relative funding contribution; and,
- an attribution of the effects of ARC's investment once the impact of other agency funds is considered.

In addition, research should include a brief literature review of sources including the US Economic Development Administration, National Business Incubator Association, NIST-Manufacturing Extension Partnership, SBA Small Business Development Centers, and other national, state, and local economic development programs which would provide benchmark analysis for assessing the impact of ARC entrepreneurial project activities. The review should include both quantitative and qualitative assessments.

The policy impact evaluation should be based on a protocol for identifying relevant project and non-project stakeholders who can be interviewed about the wider implications of the ARC program.

The final task of the program evaluation will be a discussion of the policy issues raised by the analysis. ARC staff will convene an advisory committee to participate in a focused discussion with the contractor on the recommendations resulting from the program evaluation. The contractor will present the evaluation results and recommendations to the committee representatives and ARC staff will facilitate the discussion session. The contractor will then incorporate input from this discussion session into the final report to be submitted to ARC.

The contract will require a final report with an executive summary. The final report should be written for a non-technical audience and provide an overview of the study findings with technical details and methodology presented in appendices. In addition, the final report should integrate and interpret the key findings of the studies and provide an analytical framework to understand the findings and implications. Both a printed copy of the final set of report suitable for reproduction and an electronic copy must be submitted upon completion of the project (in an agreed-upon word processing software format). The word processing files must be provided for conversion into HTML and PDF versions. Detailed statistical data and methodological issues should be organized in appendices. The reports should be accompanied by a software version of all relevant databases compiled during the study. All graphics and maps must be accompanied by supporting databases in order to ensure that all graphics can be made accessible and compliant with *the Americans with Disability Act, Section 508* requirements.

**III. Methodology.** The successful applicant will develop a complete methodology to analyze the impacts and benefits that have resulted from ARC's entrepreneurship projects. The methodology should include:

- framework for selection of the project sample;
- preliminary protocols for mail and telephone surveys and interview techniques;
- compilation of data and application of statistical techniques for analysis and presentation of results;
- discussion for identifying relevant stakeholders for the policy impact analysis and of the conceptual design for protocol of the semi-structured interview.

Proposals should offer other methodological procedures as needed.

#### **IV. Cost and Timing**

The Commission rates this research project as a Large-scale research project according to ARC's rating of the level of effort for conducting research: Major research projects \$250k-\$300k+; Large-scale \$150 to \$249k; Medium-scale \$75k to \$149K; Small-scale \$25k to \$74k; Research Brief less than \$25k.

The contract will be a FIRM FIXED-PRICE CONTRACT. The Commission anticipates that the research will take one year to complete.

#### **V. Evaluation of Proposals**

All qualifications will be evaluated based on the following criteria:

- Complete, clearly articulated, logical study design and technically competent methodology;
- Qualifications, relevant prior experience, command of the relevant entrepreneurship and economic development fields;
- A credible management proposal for staffing, and the technical capability to carry out and support the project in a timely fashion;
- Cost effectiveness of the proposal.

## **VI. Proposal Submission**

Proposals must be submitted to the Regional Planning and Research Division, Appalachian Regional Commission, 1666 Connecticut Avenue, NW, Suite 700, Washington, D.C., 20009-1068, on or before **August 28, 2006**. An original of the proposal and three copies must be submitted. For information contact Greg Bischak, Senior Economist, at (202) 884-7790 or e-mail at [gbischak@arc.gov](mailto:gbischak@arc.gov).

## **VII. Background on ARC's Entrepreneurship Program**

Appalachia's economy has evolved over the last forty-one years from one which was dependent on heavy industry, agriculture and resource-extraction, to one which is more diversified and increasingly reliant on service sector employment. With a total population of 23 million, the Region includes 410 counties, comprising all of West Virginia and parts of twelve other states extending more than a thousand miles from the southern tier of New York to northeast Mississippi. Regional developments since the beginning of the Appalachian Regional Commission (ARC) in 1965 have diminished some of the differences between the Region and the nation, but the Region still confronts the legacy of poverty and uneven development, as well as the competitive challenges of an internationalized economy.

When ARC was established, one of three Appalachians lived in poverty, 50 percent higher than the national rate. By 2000, the poverty rate had been cut in half, and the spread between Appalachia and the US had been reduced to two percentage points, from 15.2 percent for Appalachia as compared to 13.1 percent for the U.S.

Entrepreneurship and small businesses are playing a major role in the restructuring of the U.S. economy and in creating jobs. In the era of globalization, the barriers to world commerce have declined as information has become more accessible, competition has intensified and markets have become more international. As a result, large firms are downsizing, reorganizing and relocating, often overseas, to remain competitive. In this era of flexible specialization, many small firms are capitalizing on their ability to adapt to meet rapidly changing market demands. In addition, states and communities are seeking to capitalize on the strengths of small and medium-sized businesses to diversify their economies and enhance their future development potential. The challenge for states and communities throughout Appalachia, as well as the rural United States, is how to foster the economic and cultural conditions that give birth to entrepreneurs, support innovation, and assist in the development and expansion of successful enterprises.

Appalachia's future economic vitality, in large measure, depends on nurturing home-grown firms, encouraging innovation and risk-taking and enhancing investment in new businesses. Appalachia needs to cultivate resourceful entrepreneurs who not only create value by recognizing and meeting new market opportunities, but who increase the value-added within the region. While the region has several outstanding examples of entrepreneurial communities and organizations, and possesses many entrepreneurial assets, including the self-reliance of its people, it also faces many challenges. These entrepreneurial shortcomings stem from the region's longstanding dependence on extractive industries and branch plant manufacturing, and the presence of many absentee landlords who have siphoned off value from the region. Furthermore, the culture of entrepreneurship is neither broad nor deep throughout the region, and anecdotal evidence and research findings suggest that there are many gaps in the infrastructure for supporting entrepreneurship, ranging from technical assistance to development finance.

### **Building an Entrepreneurial Economy in Appalachia: ARC's Strategy**

ARC subscribes to the view that entrepreneurial activity can be nurtured through a variety of educational, business assistance and capacity building initiatives. After a year long development process involving region-specific research, local focus groups and consultations with regional and national experts, the ARC adopted a strategy designed to strengthen those key factors that play a central role in stimulating and sustaining entrepreneurship. Together these factors make up the infrastructure that supports entrepreneurial economies and they include:

- access to capital and financial assistance;
- technical and managerial assistance;
- technology transfer;
- entrepreneurial education and training; and
- entrepreneurial networks.

In 1997, ARC launched the Entrepreneurship Initiative to build entrepreneurial economies in Appalachia. In each of the five key areas of an entrepreneurial economy, ARC has convened advisory committees comprised of regional practitioners and state partners to identify innovative programming and bring additional resources and expertise into the region. One emphasis for the Entrepreneurship Initiative is to leverage support from other institutions, including other federal agencies and foundations, to support activities in these five key areas.

### ***Program Design and Implementation***

Engaging institutional partners and national best practice organizations has been critical to the success of the Initiative. On its own, ARC could invest millions in grant monies to assist specific communities, but long-term sustainable impact would not be assured. To build these partnerships, the Commission invited institutional partners to sit on four Advisory Committees in the areas of education, technical assistance, capital access, and sectorally targeted efforts. These committees assisted in planning for educational

conferences, jointly producing publications, and collaboratively funding local programs. Since 1997, the Commission has hosted over a dozen conferences and workshops attracting more than 2,000 persons to discuss best practice in the four programmatic areas that support entrepreneurship. The Commission has provided more than three dozen scholarships to local leaders to attend important training events outside of Appalachia. And the Commission has produced publications and online resources to inform local leaders about options and opportunities in the field.

***Entrepreneurship Education and Training.*** ARC's Entrepreneurial Education and Training Advisory Committee is composed of regional practitioners (including representatives from the U.S. Department of Education, Appalachian College Association and the Community Colleges of Appalachia), ARC Governor's alternates, and state program managers. The Committee helps to shape activities to promote and support entrepreneurial education and training efforts in the region. At the Committee's recommendation, ARC contracted with the Corporation for Enterprise Development (CfED) to provide 38 scholarships to regional applicants to attend the 16th Annual Entrepreneurship Education Forum, held November 1, 1998, in Nashville, Tennessee. Each scholarship recipient was required to hold a local informational meeting to share the information gathered at the ICEE event with potential partners in their community. Scholarship recipients have submitted to CfED and ARC both an agenda and participant list that document the local sessions. Some of the outcomes of these sessions include a local college creating a special entrepreneurship unit, a high school turning over a local store to run as a student enterprise, and the hosting of a 120 student five-county conference on entrepreneurship. (A summary of these scholarship activities is available at: [www.arc.gov/entrepreneurship](http://www.arc.gov/entrepreneurship) or <http://www.arc.gov/index.do?nodeId=278> )

In order to address the strong interest in entrepreneurial education and training programming, the committee recommended that ARC provide \$60,000 to support three sub-regional conferences. The target audiences for these conferences include teachers, principals, superintendents, school board members, county commissioners, state education department officials and college professors, deans, and presidents.

A request for proposals (RFP) was issued in the spring of 1999 to a broad range of potential applicants to undertake these conferences. ARC received six proposals from six states in response to the RFP. Three members of the Entrepreneurship Education Advisory Committee volunteered to be members of a selection team. After review, three sites were selected for these events. More than 340 persons attended the following regional conferences:

In addition, ARC contracted with the Consortium of Entrepreneurial Education (CEE) to develop the Entrepreneurship Everywhere education resource guide that was distributed at the regional conferences (see <http://www.arc.gov/index.do?nodeId=19>).

ARC, acting with several foundations, has also provided support for the efforts of the Corporation for Enterprise Development (CfED) to convene a series of sessions of national leaders in the field of youth entrepreneurship education. This group held several

meetings over a two-year time period and has developed Criteria for Youth Entrepreneurship Education, which seeks to present a common approach to developing quality youth entrepreneurship programming (for more information see <http://www.arc.gov/index.do?nodeId=753> ).

In 2001, in partnership with the US Department of Education, ARC launched the Springboard Youth Entrepreneurship Education Awards to recognize best practice programs in rural communities throughout the region. Six winners were selected and brought to Washington to receive their \$2,000 awards, and were asked to make presentations to policy makers at a Capital Hill luncheon sponsored by the National Commission for Entrepreneurship. This program is being continued as an annual competition by ARC. In addition, a publication highlighting these winners – and focusing on national best practice in youth entrepreneurship – has been jointly produced by ARC and the Kauffman Foundation. The publication was distributed to over 4,000 educators nationwide, in partnership with the US Department of Education, DECA, and Cooperative Extension.

***Sectorally Targeted Development.*** The Sectorally Targeted Development Advisory Committee is made up of regional practitioners, ARC State program managers, and local development district representatives. The Committee developed a variety of activities to support target industries with unique competitive advantage to the region. As an introductory event, ARC hosted a conference on sector based development, Building on Our Strengths, in Lexington, Kentucky on January 12–13, 1999. More than 220 persons from all 13 Appalachian states attended this sold-out conference.

At the conference, ARC announced an RFP to fund projects that encourage strategic sectoral interventions in regional economies. The three main objectives of this RFP were 1) to develop innovative approaches that strengthen competitive, potentially competitive, or strategically important sectors; 2) to support entrepreneurs to create jobs in, or add to the wealth of, distressed counties and the regions in which they are located; and 3) to involve the private sector in meaningful and sustainable ways. At the recommendation of the committee, ARC earmarked \$238,000 from the Entrepreneurship Initiatives for these awards.

ARC received 24 proposals from 10 states in response to the RFP, which closed on April 1, 1999. Four members of the Advisory Committee volunteered to serve as members of the RFP selection team. In June, the selection committee met with six RFP finalists to review responses to questions that the committee had developed in earlier review sessions. The six finalists proposed to work in three sectors—value-added food products, furniture, and house boat manufacture—and finalists were encouraged to partner with each other, if appropriate, to undertake project activities. After a thorough review, the selection committee made recommendations to fund four projects.

Twelve proposals that were not selected for support as part of this RFP were recommended for consideration to other funding sources, and were forwarded to ARC State Program Managers for review.



ARC is pleased that the RFP process and the Building on Our Strengths conference generated such interest in sector-based development strategies. As a result, ARC States have implemented sector based strategies as part of their economic development approach, and numerous projects have now been funded through the Entrepreneurship Initiative.

***Innovations in Development Finance.*** Capital and credit gaps for rural businesses have been identified as a significant regional problem in research conducted by the Federal Reserve Board, ARC, and the Economic Research Service of the U.S. Department of Agriculture. These studies reveal that while the availability of capital for fixed-asset financing appears to be readily available, significant gaps exist in the availability of equity capital for start-up firms and for certain types of working capital financing. ARC convened the Innovations in Development Finance Advisory Committee to help shape activities in this area. Members of the committee include a range of regional practitioners, including microenterprise lenders, revolving loan fund representatives, state development finance authorities, bankers, and others.

The committee has underscored those gaps in the provision of equity capital for growing firms is the most significant capital barrier in the region, and it has developed a series of recommended interventions to address these gaps. The committee's specific recommendations focus on four activities to promote the development of community development venture capital funds in the region:

- Build partnerships with foundations and financial institutions to assess interest in investing in equity funds.
- Improve management capacity in the field.
- Expand existing institutions or support new institutions to develop these funds.
- Support capitalization of these funds.

These recommendations build on the interest expressed by the region's governors at the February 1999 ARC Quorum meeting and on discussions held at the April 1999 ARC White House meeting on the New Markets Initiatives. ARC believes the implementation of these committee recommendations helped to ensure that entities in Appalachia were well-positioned to take full advantage of the pending New Markets Initiative programs.

In support of these activities, ARC co-sponsored an introductory workshop on Community Development Venture Capital (CDVC), hosted by the national trade association, the CDVC Alliance. This program was held on June 23, 1999, in Pittsburgh, Pennsylvania. To initiate partnership-building activities, ARC held a series of workshops entitled, Equity Capital for Rural Communities, October 25–27, 1999, in Pittsburgh and Charlotte, North Carolina. These workshops were held in partnership with the Federal Deposit Insurance Corporation, the Federal Housing Finance Board, the Federal Reserve Bank of Cleveland, and the Federal Reserve Bank of Richmond. More than 130 persons from financial institutions, philanthropies, and economic development entities attended

the three programs. ARC views these three sessions as a good starting point for creating partnerships to support new development finance institutions in the region.

A publication, *Capitalizing on Rural Communities—Emerging Development Venture Capital Funds in Appalachia*, was produced with the support of publication partners—the Federal Housing Finance Board, the Federal Reserve Bank of Cleveland, and the Federal Reserve Bank of Richmond. This publication outlines the need for development venture capital funds in rural and distressed communities, explores how these funds differ from traditional venture capital funds, and presents several specific investment opportunities within Appalachia. The publication can be obtained online at [www.arc.gov/entrepreneurship](http://www.arc.gov/entrepreneurship).

With the launch of the \$15 billion US Department of Treasury New Markets Tax Credit Program, ARC hosted two training workshops in 2002 to promote this new financing opportunity in the Region. The workshops featured presenters from the IRS and Treasury, and were held in Huntsville, AL and Pittsburgh, PA. Over 250 banks and development organizations attended these sessions, which were jointly sponsored by the FDIC, the Federal Home Loan Banks, and Treasury.

To encourage private financial institutions to take advantage of the New Markets Tax Credit program, ARC entered into a partnership with the Federal Home Loan Bank of Atlanta. ARC has provided \$200,000 for a New Markets Opportunity Fund, which will be leveraged by \$1.8 million in private capital from the Federal Home Loan Bank and their member institutions. ARC anticipates that a minimum of four Appalachian development finance entities (New Market Funds) will receive investments through this new fund. This fund has closed without making any investments.

And, to support new and existing institutions in this field, ARC has directly invested over \$3 million in nine rural equity programs that serve the Region, providing support for business planning, structuring, operations, and capitalization of these funds. To date, these funds have raised over \$160M in investment capital from a range of sources, including private capital, Treasury's New Markets Tax Credit Program, and SBA's New Markets Venture Capital program. These funds have made dozens of investments in rural Appalachia and helped create hundreds of jobs. ARC has approved Application and Operating Guidelines to guide these current and future investments in development venture capital funds.

Currently, ARC is undertaking a publication focusing on rural development venture capital, co-published with the Federal Reserve Bank of San Francisco and the FB Heron Foundation, to provide updated information to policy makers and potential investors on these funds. In addition, ARC is updating a study on the Capital and Credit Conditions of the Region, utilizing an advisory board comprised of the Federal Reserve CAOs from the Richmond, Cleveland, and Atlanta banks.

***Strategic Support for Business Incubators.*** The Business Incubation Advisory Committee is composed of business incubator managers and ARC state program

managers. Business Incubators can provide crucial technical assistance to growing firms, and several states are interested in developing or expanding networks of business incubators. The advisory committee has brought “best practices” from around the nation to the ARC region, facilitated the creation of a regional business incubation network, and implemented region wide technical assistance workshops.

The Committee recommended that ARC compile a comprehensive survey of business incubators in the region and host a region wide best-practices conference targeted at rural incubator managers, local economic developers, and other important decision makers. Four best-practice Business Incubation for Rural Communities workshops have been held, all co-sponsored by the National Business Incubation Association. These workshops have been held in 2000 - 2005 in North Carolina, Tennessee, Virginia and West Virginia, attracting over 1,100 persons from more than 25 states.

ARC has developed and distributed a comprehensive survey of business incubators in the region, and published the survey, Business Incubation at Work, in January 2001. The document is available at: [www.arc.gov/entrepreneurship](http://www.arc.gov/entrepreneurship). In addition, this survey was update in 2005, and is also available on the ARC web site.

ARC has also supported a business incubation mentor program, managed by the National Business Incubation Association, which enables seasoned incubation managers to act as mentors to new and emerging facilities throughout the region. For more information on this mentor program visit:

[http://www.nbia.org/get\\_involved/arc\\_mentor/mentor\\_info.php](http://www.nbia.org/get_involved/arc_mentor/mentor_info.php)

### ***Program Partners***

Engaging institutional partners and national best practice organizations has been critical to the success of ARC's Entrepreneurship Initiative. On its own, ARC could invest millions in grant monies to assist specific communities, but long-term sustainable impact might not be achieved. To increase the likelihood of success, the Commission invited key institutions to assist in sponsoring educational conferences, the joint production of publications, the provision of mentorships and scholarships, the development of on-line resources, and the provision of direct financial support. The following partner organizations that have provided this strategic support for entrepreneurial development in Appalachia:

### **Institutions**

FDIC – Atlanta  
Federal Home Loan Bank – Atlanta  
Federal Home Loan Bank – Cincinnati  
Federal Reserve Bank of Cleveland  
Federal Reserve Bank of Richmond  
National Endowment for the Arts  
Tennessee Valley Authority  
US Department of Education  
US Department of Treasury, CDFI Fund  
US Small Business Administration

### **National Organizations**

Assn. for Enterprise Opportunity  
Community Development VC Alliance  
Consortium for Entrepreneurship  
Education.  
Corporation for Enterprise Development  
NADO  
National Business Incubation Assn.  
National Commis. on Entrepreneurship

### **Philanthropies**

Bennedum Foundation  
Ford Foundation  
Kauffman Foundation  
Kellogg Foundation

## **VIII. Background on the Appalachian Regional Commission**

The Appalachian Regional Commission is a federal-state partnership established in 1965 by the Appalachian Regional Development Act to promote economic and social development of the Appalachian Region. The Act, as amended in 2002, defines the Region as 410 counties comprising all of West Virginia and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia—an area of 200,000 square miles and about 22.9 million people. To promote local planning and implementation of ARC initiatives, the Commission established 72 Local Development Districts (LDDs) comprising groups of counties within each of the 13 states. The Commission has 14 members: the governors of the 13 Appalachian states and a federal co-chairman, who is appointed by the president.

For 41 years, the Commission has funded a wide range of programs in the Region, including highway corridors; community water and sewer facilities and other physical infrastructure; health, education, and human resource development; economic development programs and local capacity building, and leadership development. The rationale for ARC's Area Development program is to provide the basic building blocks that will enable Appalachian communities to create opportunities for self-sustaining economic development and improved quality of life. These strategic goals were agreed upon after an exhaustive, year-long strategic planning process involving federal, state, and local officials and citizens that focused investment in four goal areas:

1. Increase job opportunities and per capita income in Appalachia to reach parity with the nation.
2. Strengthen the capacity of the people of Appalachia to compete in the global economy.
3. Develop and improve Appalachia's infrastructure to make the Region economically competitive.
4. Build the Appalachian Development Highway System to reduce Appalachia's isolation.

Area Development funds are allocated to the states on a formula basis and each state has wide discretion in deploying those resources across the four goal areas based on local needs and state priorities. However, an overarching policy mandated by Congress is that ARC resources are to be targeted to those counties with the greatest needs—those still the farthest behind that are designated as “distressed.”

In FY 2006, the Commission's definitions of economic development levels designated 77 counties as distressed because of high rates of poverty and unemployment and low rates of per capita market income compared to national averages; 303 counties were designated transitional (81 of these transitional counties may be characterized as “at-risk” of returning to distress), with higher than average rates of poverty and unemployment and lower per capita market income; 22 counties have nearly achieved parity with national socioeconomic norms and are now designated as competitive and; 8 counties have reached or exceeded national norms and are now designated as attainment counties. See ARC's web site for more details (<http://www.arc.gov/>).

## **IX. Outline of Technical Proposal Contents**

### **A. Technical Proposal.**

Please note that the narrative of the proposal should not exceed 15 pages, (not including the abstract and accompanying longer resumes and boilerplate organizational background materials which should be included as appendices.)

- 1. Summary Abstract (350 words).** In this section, provide a brief abstract of the technical portion of the proposal by summarizing the background, objectives, proposed methodology, and expected outputs and results of the research.
- 2. Methodology.** State the step-by-step approach or methods intended to accomplish all the tasks specified in this RFP. The proposal should provide a detailed explanation of the methodologies to be used, describe the limits of the selected methods, and justify why the methods were selected over others. The proposal should identify the points and tasks in this research project that will require participation by the Commission and ARC staff. Further, the statement should identify specific information needs according to sources, procedures, and individual tasks of the research that may need to be supplied by the Commission. Finally, the proposal should identify any difficulties that may be encountered in this project and propose practical and sound solutions to these problems.
- 3. Project Work Plan and Milestones.** The proposal should describe the phases into which the proposed research can be logically divided and performed together. Flow charts may be included as necessary. A schedule of milestones and deadlines should be specified for the completion of various work elements, including information collection, interviews, surveys, analyses, quarterly progress reports, preliminary drafts for review, and final draft reports.
- 4. Key Personnel.** Personnel performing the research must be described in this section in terms of numbers of people and their professional classification (e.g., project director, economist, analyst, statistician, etc.). Brief resumes of the education and relevant experience of the principal investigator, co-investigator, and other key personnel are required in the core of the proposal (longer resumes can be included in an appendix). The selected contractor will be required to furnish the services of those identified in the proposal as key personnel. Any change in key personnel is subject to approval by ARC.

### **B. Management Proposal**

The resource capability and program management for planning and performing the research will be considered in the proposal selection process.

1. ***Business Management Organization and Personnel.*** Furnish a brief narrative description of the organization, including the division or branch planned to perform the proposed effort, and the authority responsible for controlling these resources and personnel (longer boilerplate materials can be included in appendix).
2. ***Staffing Plan.*** A staffing plan is required that describes the contractor's proposed staff distribution to accomplish this work. The staffing plan should present a chart that partitions the time commitment of each professional staff member to the project's tasks and schedule. In addition, the proposal should include a detailed description of activities for key project-related personnel and anticipated deliverables. Finally, the proposal should identify the relationship of key project personnel to the contracting organization, including consultants and subcontractors.
3. ***Relevant Prior Experience.*** The proposal must briefly describe the qualifications and experience of the organization and the personnel to be assigned to the project. An appendix can include detailed information on direct experience with the specific subject-matter area and organizations, addresses, contact persons, and telephone numbers for such references.
4. ***Contract Agreement Requirements.*** This section of the proposal should contain any special requirements that the contractor wants to have included in the contract.

### **C. Cost Proposal**

Each proposal submitted must contain all cost information. The cost information should include direct labor costs (consistent with the staffing plan), labor overhead costs, transportation (if anticipated), estimated cost of any subcontracts, other direct costs (such as those for data bases and economic models), university overhead, total direct cost and overhead, and total cost and fee or profit.

In addition, ARC may choose to request that the selected contractor formally present and discuss study findings with key Appalachian officials in Washington, D.C. This activity will be over and above routine meetings with ARC staff during the course of the project, and the contractor should price its part in this activity separately, assuming travel to a one-day meeting.

The contract awarded for this research project will be a FIRM FIXED-PRICE CONTRACT, with payments on a quarterly schedule. The contract terms shall remain firm during the project and shall include all charges that may be incurred in fulfilling the terms of the contract.